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CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

25X1A

COUNTRY International

SUBJECT US Imports of Twist Drills Increasing

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THIS IS UNEVALUATED INFORMATION

1. During 1953 there was a definite up-trend in import of foreign-made twist drills, although the exact extent is unknown because twist drills are contained in a "catch-all" category of import statistics. However, increasing amounts of foreign-made twist drills, usually small sets for the cheaper class of trade, have been found on dealers shelves around the country.
2. The principal types of imported tools seem to be Holmquist, and Malcus of Sweden, Allied of France, and R Stock of Germany /Federal Republic/.
3. While sales of imported twist drills as compared with sales of US-made twist drills are minute, it is interesting to note that the foreign suppliers are able to overcome a high US tariff barrier and still find a market in the US.
4. A specific example of this situation is evidenced in bids submitted on a US government order for twist drills for use by one of the branches of the military. US suppliers of twist drills submitted bids which ranged from US\$140 thousand to US\$300 thousand for the contract. A New York importer who represents R Stock Company of Germany /Federal Republic/ submitted a bid of US\$109 thousand, which included a 30% duty charge. 25X1A
5. Lower labor costs seem to be the principal reason for the marked price differential. For example, the average rate of pay in a German /Federal Republic/ firm producing twist drills is approximately US\$.47 per hour. In a US producer's plant the minimum rate of pay would be US\$1.85 per hour and pay would range up to US\$2.35 per hour.
5. Prior to World War II German exporters received a subsidy from the German government for sales abroad. I have not heard that this policy has been put back in effect since the end of World War II. I believe that the difference in price between German and US tools is strictly on the basis of the considerably lower labor costs.

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